(c) whether it is a fact that it has been decided to go in for the disinvestment of the CIWTC without awaiting the results of the revival package; and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI DILIP KUMAR MANSUKHLAL GANDHI): (a) and (b) The Memorandum of Understanding was signed on 3.1.2002 which *inter-alia* provided for monitoring of implementation of the rehabilitation scheme sanctioned by the Government for the revival of the Central Inland Water Transport Corporation Ltd. (CIWTC)

(c) and (d) The Government is committed to the revival of the Central Inland Water Transport Corporation Ltd. (CIWTC) as per the approved revival plan. The disinvestment of the Corporation is as per the Government policy to diinvest "non-strategic" Public Sector Undertakings. The revival plan under implementation has been kept in view while the process of disinvestment of CIWTC is being put in place.

Tonnage tax regime for shipping industry

1611. SHRIMATI N.P. DURGA: Will the Minister of SHIPPING be pleased to state:

(a) whether it is a fact that India is going to lose out Rs. 5075 crores from its cumulative GDP and Rs. 501 crores from its cumulative tax revenue in the next 10-15 years if prevalent tax system in the country for shipping industry is persisted with;

(b) whether TERI recommended for immediate shift from the corporate tax structure to the tonnage tax regime to help the Indian Shipping Industry to grow further;

(c) if so, the details of the recommendations made by TERI; and

(d) the steps being taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI DILIP KUMAR MANSUKHLAL GANDHI): (a) The Government do not maintain such figures. However, the fact and figures in the question are based on TERI report with a assumption that present taxation would continue.

(b) and (c) Yes, Sir. M/s. TERI has recommended the introdcution

of globally comparable optional tax regime and has made following recommendations:

(i) To introduce a tonnage tax regime with the shipping companies free to adopt the tonnage or the corporate tax regime;

(ii) Withholding tax on the interest paid on ECBs should be abolished;

(iii) Indian national serving on Indian flagged ships should be treated on par with those employed on foreign flagged ships.

(iv) To increase the rate of depreciation on ships from 25% to at least 40% in the line with other modes of domestic transport in commercial use.

(d) The Government had appointed the Rakesh Mohan Committee to review Indian shipping and recommend measures for its revival. The modalities for introduction of Tonnage Tax are being discussed with the Finance Ministry and a committee comprising of six members, two members each from Ministry of Shipping, Central Board of Direct Taxes and Indian National Shipowners' Association has been formed to finalize the modalities of the proposed fiscal regime and try to structure the required legislation regarding Tonnage Tax. The Committee is having its meetings at frequent intervals to give final shape to the draft legislation on Introduction of Tonnage Tax. In the Finance Act, 2000, the Government has restored the tax exemptions on profits of companies derived from the operation of ships for a period of 5 years and in the Finance Act, 2002, scope of Section 33AC was enlarged to twice the aggregate of the amount of the paid-up share capital, general reserves and the amount credited to share permium account.

Ban on single hull ships of SCI

1612. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of SHIPPING be pleased to state:

(a) whether it is a fact that SCI's single hull Ships are banned from entering into the EUs waters;